

Municipal Council Workshop
February 19, 2004
Town Hall Auditorium
7:00 p.m.

Members present: Councilor Chandler, Councilor King, Councilor Headley, Councilor Larnard, Councilor Lawrence, Councilor Pinierio, Councilor Woodsom, Councilor Benson, Councilor McMilleon

Councilor McMilleon: We have two items before us tonight, they are Mayor Appointments.

2004-29 Appointment of Pamela Brown as Council on Aging Director

Ms. Brown: I have been in the field of aging since 1985. It is what I love to do in working with seniors. Most recently I have been working for the town of Reading as the Elder Human Service Administrator serving both people under sixty years of age as well as sixty and older and overseeing the day to day operations of the Senior Center. I live in Newburyport which is six miles from Town Hall. In January I saw that the position had opened up here in Amesbury and Council on Aging positions do not often become available. I thought it would be wonderful to work closer to home as well as within my own community. That is why I applied. I was most interested in the position being specifically focused on working with the seniors. Of course I would be working with the community at large, but in terms of client issues, meals on wheels, things of that nature, it is geared specifically to the seniors and then offering assistance to families and other people that live in the town pertaining to elder issues. So, those are some of the reasons as well as I understand that many businesses are relocating from Newburyport to Amesbury and that there is lots of activity and things going on here. I feel very fortunate to have been asked in for.

Councilor Pinierio: Have you written any grants while in your position in Reading?

Ms. Brown: I have written a request for proposal for transportation. It was a small one for \$3,000.00. I write the annual formula grant for the state, the Executive Office of Elder Affairs and then I write the annual report to the town and things of that nature.

Councilor Pinierio: Have you written a budget before?

Ms. Brown: Yes, with the assistance of the Town Manager who I report to.

Councilor Lawrence: I would just like to thank you for taking this position. The Senior Center and their activities have been always a favorite organization of mine. I volunteer and support the friends of the Amesbury Senior Center as well and I look forward to having you here and if we can do anything to help you out, let us know.

Councilor Woodsom: I make a motion that we accept the appointment.

Councilor Benson: Second

Voted Unanimous

2004-30 Appointment of Mary Marino as Chief Assessor

Ms. Marino: I have been with the city of Haverhill going on nineteen years. I have been a member of the board for the last ten years and Chairman of the board for the last four years. I saw the ad, it looked interesting, came down and interviewed, and I enjoyed everybody that I met very much and here I am.

Councilor Chandler: In your little preview you had have you seen anything done differently here than you saw in Haverhill?

Ms. Marino: I really haven't had a chance to be in the office to see anything like that at this point.

Councilor Benson: I move for approval as submitted.

Councilor Piniero: Seconded

Voted Unanimous

Councilor McMilleon: Before we adjourn this meeting, a couple of things, you were handed packets tonight with the list of the Council addresses, phone numbers and that, is there any correction that needs to be made in any of that information?

Councilor Benson: I will be moving to 20 Childs Ave., Amesbury, MA

Councilor Connolly-King: Just cross out work and put home and my e-mail and my cell.

Councilor Larnard: My work number is wrong so you might as well take it off.

Councilor Lawrence: You can take my work e-mail off of there.

Councilor McMilleon: Even if it is the Council list?

Councilor Lawrence: Most of you guys know it. If you don't know it and you haven't contacted me on that, don't start.

Councilor McMilleon: The other thing is the list of Committees. I got a note from Roger that he is resigning from the Ordinance Committee and I understand from conversations with Mario that he would like to be on that committee, is that right?

Councilor Pinierio: Yes.

Councilor McMilleon: So we will just replace Roger with Mario.

Councilor Woodsom: I have a change for my information on the phone list also. My pager number can be taken off and put in my cell #603-502-3501 and my extension is not 103 it is 159 if you call at work.

Councilor McMilleon: On mine the work it is #374-5712. Also the budget liaisons, I think are correct, is it not?

Councilor Connolly-King: Will I be doing both the Fire and Police?

Councilor McMilleon: Why don't we leave you on Police and take you off of Fire unless you prefer to be on two.

Councilor Connolly-King: That would be fine; I would prefer not to be on two. My brother is a Firefighter in Malden, there is a firefighter who took it upon himself to do grant writing and he has all these connections and has brought in about \$800,000.00 plus to the Fire Department so I will see what information I can get.

Councilor McMilleon: Are there any other changes on phone numbers or addresses or anything on the committees or on the liaison lists?

Councilor Connolly-King: The PTA has asked me for a list of Municipal Council. On the public list Joe there is no e-mail address. Do you want it that way or do you want an e-mail address on public one that is on the website of town?

Councilor McMilleon: This is my work e-mail and I am going to have her put my home e-mail on there. It is jmeon@adelphia.net.

Councilor Chandler: Where would you prefer to get e-mail?

Councilor McMilleon: I would prefer to get e-mail at work because I would look at that every day. Home I don't look at every day.

Councilor Benson: Motion to adjourn

Councilor Lawrence: Second

Voted Unanimous

Workshop with Mike Basque:

Councilor McMilleon: The purpose of this meeting is to basically cover a couple of things. Basically for you to go through and tell us what the budget process is going to

look like, how that is going to unfold and then the other critical question is because this is the first time that we have done the liaison part of this, how will we know when there is meetings and how will we be included in the process so that we can work with those departments that we have been assigned to?

Mr. Basque: I think the way we are going to proceed now at least is, sometime next week we are going to file with the Municipal Council revenue forecast for FY05. What I am planning on doing, since this is the first time we have done this, is to do it formally so we can go through and see what we like and don't like as we go through. We will file that with you and that is going to be what we project as potential revenues for the next fiscal year. Then, I am not sure if it would be your meeting in March or whatever, where myself and the Mayor would come in and go over those with you and discuss in general terms, revenues, the budget process, any questions that you may have. The Charter sets that up and says that we should do that pre meeting before we really get into the budgets with the Council. So, I thought we would do that and see how that works, and that would at least get things off to discussion. The budget schedule that we are in right now, the Mayor met with the staff back on February 6. The departments are presently preparing their budgets and they are due into the Mayor on February 23. That is the initial start-up period for the Mayor to really get rolling with the whole budget request and putting that together. Along those lines, the Mayor set an April 1, 2004 date for the School budget to be turned into him. That has always been one that is more difficult because of timing. Then we have set aside the month of March for the departments to meet with the Mayor. Each department will submit its request. We put all the numbers together; we go over them and check to make sure the numbers are correct and calculated properly. Then the Mayor sets up meetings with each department and the Mayor, the Department Head and depending on which department, sometimes a couple of staff members on the larger departments and myself sit in on all of the budget department meetings. That is where the Department Head would come in and say I am asking for this amount here and here is why, here is the justification. Here is where the Mayor really sits in and gathers his information before he starts putting together his decision making process. We allow that during the month of March.

Councilor Chandler: I am going to work with DPW and I know that the budget it due to the Mayor, in our tasks Joe do you see us as having gone through this with the Department Heads before they present them to the Mayor or do you think the Department Heads think they owe their first loyalty to the Mayor and then maybe we should be there when they....

Councilor McMilleon: That is one of the things that we wanted to talk about tonight.

Mr. Basque: Once we go through that March period, I would anticipate then that you would really start to get involved with the departments. At the Department Head meeting, he informed them that the various Councilors would be working with certain departments. How we laid it out for them is that once their department requests have gone into the Mayor and they have this initial meeting and they start to see what direction they are heading in, that would be a good time for the different Councilors to come in and

start to be brought up to speed on what the requests are and where they are looking for it. Joe had asked me when you would really start to get moving on this and I thought maybe during the month of April where we have gotten some numbers together. I don't see where the Councilor would sit in with the Department Head and the Mayor, they need that time to get their thoughts together and what direction they are going but once they have those thoughts together then it would be a good time for the Councilor to sit down with the departments and go through that.

Councilor Pinierio: I thought we were going to be there when the departments start sending their own budget up and we are there so that we can see how they are doing it and we can ask questions then not after the budget is set up.

Mr. Basque: I don't see it as when they are putting their requests together but once that has been done and they have spoken with the Mayor and they see what direction to go, then they bring you in so in fact they show you exactly what is going to be in here and exactly where everything is. You have to remember, in the end, it is going to be you folks who are going to vote and make recommendations on the actual numbers. I think you need to allow them to get those initial numbers together.

Councilor McMilleon: I guess I have the same question. Right now the departments are preparing their budgets. That request has already gone out from the Mayor. What is going to happen during the month of March is that they are going to come in and they are going to try to justify and explain their requests to the Mayor. He is going to take that information and when we get the budget we have what is requested and what the Mayor proposed.

Mr. Basque: Right. You will have the Department Head request and the Mayor's recommendation.

Councilor McMilleon: Why wouldn't it make sense to have the liaisons for those various departments to be in on those March meetings so that they would have an understanding of what happened in that process?

Mr. Basque: I think the Mayor and the Department Head need time together. It can really start in one direction and end up in a totally different direction. The numbers can start very large and you are going to see those numbers but I think they need that discussion period to be able to put these things together and get it rolling. The Councilors need to be brought on board. If in fact you see where the Mayor is recommending something different from the Council, then you need time to sit down and ask the department, "why did you ask for that and why did the Mayor decide not to recommend it"? I think you need to let us start it and at least get the basis of this together. You have to remember when all these departments start sending numbers in and we start totaling things together...

Councilor McMilleon: What is the date that the budget is going to come to us?

Mr. Basque: We are proposing it would be May 1st like last year. You have to remember, once we file it with you, you only have 45 days to act so it is not like if we could get it to you in March you would have 3 months. What we are trying to do is give you time to review it and go over it before we start that 45 day clock going.

Councilor Benson: I can completely respect that the Mayor and the Department Head need to have that meeting but you can still get started now. I have already met with Chief Shute a couple of times and I am waiting to get, I have already talked to the Mayor about get the Chief's proposed budget, so you can get that budget. I agree with Mike, I don't think we should be in that meeting with the Mayor and the Department Head, that really is their time but there is no reason that you can't get started now. I have been discussing job descriptions and just getting an understanding for the department.

Mr. Basque: We say they are due next Monday but the reality is we don't get them all on Monday. We have to go in and clean them up and just the mechanics of putting out a report of something that you can read, there is a lot that goes into it. I think that when you really get in and talk to these larger departments and see what is going on there, a lot of stuff you just don't realize is really going on. We told them to use it to their advantage to say to your Councilor this is what I am up against and here is how I have got to handle it and what do you think? So I think they are really looking forward to it. The only one I really don't have a handle on for you is the School.

Councilor McMilleon: I was going to say the three Councilor's who are on the schools need to be talking with the schools now. That is a huge budget and a huge part of the budget.

Mr. Basque: I would suggest that you might want to talk between yourselves and give the Superintendent a buzz and get that started.

Councilor Lawrence: The school's Finance Committee consists of how many?

Mr. Basque: I am not sure; it is a subcommittee of the School Committee.

Councilor Lawrence: Has there ever been a thought of having it a committee of the whole and why not?

Mr. Basque: I really don't know.

Councilor Lawrence: That is something the Council could do. Have the School Committee be a Finance Committee of the whole. We can listen to the different departments and they tell us, we need this and we need that. I have spoken with members of the School Committee who are not on the Finance Committee and they made recommendations to the Finance Committee and to the Superintendent and they just didn't listen to them. So why are they going to listen to us when they don't listen to their own people? For some reason there are people on the School Committee who are not

coming forward but they are saying that I wish I could have some input on the budget but I don't.

Mr. Basque: I think if you are on the School Committee, it would be like being on this Council and then all of a sudden you say gee I don't have any input, then I would make a motion that we reorganize or something. They have to deal with their own committee. I don't know how they work. I am not involved with the School Committee.

Councilor Pinierio: The Mayor is the Chairman of that committee. Can't he say all of us are going to be on the Finance Committee?

Councilor Lawrence: We can do that too.

Mr. Basque: I am not sure how they organize their sub committees. It is up to the School Committee I think.

Councilor Lawrence: It is going to be difficult for us to say I don't think you need this amount for this if they are just going to say whatever.

Councilor Connolly-King: Isn't that the point of why we are there, to shine the light on things like that? It is my understanding that we are not there to make budget recommendations, we are there to see the process and we are there to answer questions when it comes before the committee. We are not there to make suggestions to them. I look at us as an overseer. If we are there and we see people being disregarded, or you ask a question and are not given an adequate response, when it comes up before us that is the time to say, I asked a question about this and I was not given a response.

Councilor McMilleon: Exactly, the purpose of the liaisons is basically to understand the process the departments went through and also to get information. When we get handed the budget in May and we are holding the hearings with each department, certainly to Chris' point, if there were suggestions or requests made and they weren't followed up on or they weren't done or not responded to, they are going to have to answer those questions before the full Council.

Mr. Basque: You still make that vote in the end as to what they are getting. The idea is, especially with the School Department, you think about how we have always done it, they come in one night just like I come in for my budget with three people. They are doing the same thing on \$20 million.

Councilor McMilleon: We may want to look at that schedule and allow a lot more time for the schools because it is almost 50% of the budget. To take a look at the detail of the budget is time consuming.

Mr. Basque: Even if you did a couple of nights. You come up with so many questions and the answer is we will get back to you, well the reality is we go on to something else and sometimes we do get back to you and sometimes we don't. If you had a second

night, maybe if you said okay for the next meeting this is what we want. As far as April 1st, because it is really a separate entity, they have to vote it. They are in the process now putting it together. That Finance Committee that I am sure the Superintendent, the Department Heads and Principals it works its way up the ladder, then the Finance Committee must make their recommendations to the Full Committee but the Finance Committee has to vote their budget before they can submit it to the Council. It takes them longer to do that.

Councilor McMilleon: So what you are saying basically is; as Roger pointed out, people can be involved now with the departments that they are working on. You are talking about in a more formal sense probably during the month of April. So, are you saying that we as Councilor's should initiate that or are there going to be meetings set up with departments?

Mr. Basque: I think the Councilor's should with the various departments. That is probably the best way to do it. They all know it is coming.

Councilor McMilleon: Then if there are discrepancies and we want to understand why, you are going to talk to the Department Head and talk to the Mayor and get that information for us.

Mr. Basque: We didn't picture this as the Department Head, the Mayor and the Councilor. You have to let us get through that and let us get it to you. I think as far as making contact, absolutely.

Councilor Chandler: At our last meeting I submitted a last minute bill to ask the Department Heads to submit budgets that were cut down and the reason I did that was because I have always heard that in the past when budgets finally came to the Council and they tried to cut, the big argument was you tell us to cut some line item but you don't know what you are talking about. So, I thought, if we decide we want to cut and maybe we don't have to but if we decide we do, let some of those cuts come in from some of those Department Heads before the fact. So we can't be accused of cutting something that we don't know what we are cutting. I am not trying to be contrary by doing this I am just trying to give him some ammunition when he goes to the Department Heads that he is not being just the bad guy he can say well you know this came from the Council. So, let those guys think hard and think out of the box. What can they really do to change the way they do things. I think in the schools it is such a waste that 15 thousand American History teachers throughout Massachusetts and the country do lesson plans on the Civil War. Who can do that and be anywhere near as in depth and as beautiful as the job that Ken Burns did on Channel 2 of the Civil War program? Maybe instead of having teachers teach the Civil War, they should just forget that and have a big auditorium and a video and all you need is a monitor there to look after them. There is different ways that people have to look at things. If we try to think about it the old way, we are never going to cut costs.

Mr. Basque: One of the things that we are going to do this year is provide detailed back up for every line item. Department Heads were told that any request has to be broken down and we are going to provide it to the Council where we haven't done that in the past. We told them pretty much flat out that if they didn't do that then the Council will probably cut those numbers.

Councilor Benson: I spoke briefly with Bob and the idea with having Department Heads come in with ideas for cuts can be sort of a double edged sword. One, they can play a political gain with it and cut services that are particularly popular and two, it strips us of any responsibility when really I think we should be taking responsibility. If we want to make cuts, I think we should understand the budget thoroughly and we should be willing to take responsibility for the cuts we are taking. I would be a little weary in some ways, kicking it back to the Department Head and saying make a cut here or come back with a cut.

Mr. Basque: I think last year when you asked Department Heads about cuts, you got a lot of responses where they told you what they would do. It is fine to say, if we level fund you what would that do to your operation? I had problems when I saw what you had filed. I took your budget which is one of the easiest budgets we have. You have a line item for salaries. There is extra money for the Clerks Office while they are doing the minutes of your meetings. You get a line item for travel. You have a line item for expenses. You have the Audit and you have advertising. That is about it. Read the proposal as you have it. It says each and every item at 2%, 5% etc. and what impact that reduction will have on the service you provide. So, take your own proposal and fill out your departmental budget and justify it based on what you are going to ask us to justify some 15,000 line items that I have.

Mr. Benson: I have no problem with asking this question before hand. Where I have a problem is when we actually make the cuts. I don't like the way we made the cuts last year. I want to make sure that if we end up cutting this year we don't do it that way again this year. I would like us to actually say, I want you to live without half of your pencil budget etc.

Councilor McMilleon: I see what you are trying to do and I don't have a problem taking responsibility for the cuts but I think that the budget that comes down from the Mayor should be one that he feels comfortable with and that he can justify. He shouldn't be leaving it to the Council to be the ones always doing the cuts. I think the way we did it last year for this year's budget was not that bad. What we were saying was that the Department Heads have the best knowledge where the money can be cut to hurt the least. I think we need to leave them some leeway to have some discretion as to where they are going to cut. They know what the services are. I don't know that.

Mr. Basque: I think by working with them before you get those formal votes and you have Councilor's working with the big departments, while you are working with them you ask the question. What happens if we had to cut a certain dollar amount? How would you handle that? In the end, you have to remember, whether we like it or not, it is

still the Mayor's budget and he is going to propose what he feels is the best budget for whatever reason. You have recourse obviously but it is still his budget that he is submitting to you.

Councilor McMilleon: I feel the Mayor has to be here when we are going through the budget process with the departments.

Councilor Woodsom: What we did in the past, we met with the Department Heads individually and then we met with them a second time. Well, we did the cuts in one or two nights and we didn't really invite them they would just come pretty much. My feeling is you have a good idea the Department Heads best know where they should cut their budgets. When we meet with them the first night we can maybe ask them for where we should cut. Think about it and come back the night that we are going to do the cuts. The Department Heads should be here if we are going to be doing cuts and I think we should be doing line items and vote the line items. If we cut line items, do we have to vote the entire budget by line items?

Mr. Basque: You can vote the budget any way you want. The only thing that we are held to is what you vote. Last year, you voted some budgets with the bottom line, no salary and no expense; you just voted one number that means they are just held to that number. Some of the budgets you voted you put in a salary number and an expense number so they are held to those. If you voted every line item individually, we would be held to every line item.

Councilor Woodsom: If we cut \$10,000.00 off of Joe's salary and we vote that cut and then we vote personnel that figure less the \$10,000.00, that way we still voted the lump department and we voted Joe's salary to be cut. So, that holds the line on the cut and it also votes the personnel separately. I am just trying to find a way that we don't have to vote every individual line in personnel separately if we make a cut in personnel.

Mr. Basque: If you voted specifically a line item then we would have to hold to that.

Councilor Woodsom: How do we vote the rest of the personnel department budget? Can we still vote the lump figure at the end or do we have to vote every one individually since we made a cut now?

Mr. Basque: You would have to vote each line item.

Councilor Benson: I think we should vote a line item budget anyway. It is done in other places. There are 10 to 15 transfers at a meeting but they tend to go quick. I also think that those transfers give us as Councilors a better understanding of what goes on within these budgets during the year. It would be a little more tedious but I think it is a good system.

Councilor McMilleon: I don't mind doing a line item but I just think at the same time we ought to be getting feedback from the Department Head on which items that we are talking about cutting.

Mr. Basque: If there was a weakness it was when you met with the Department Head, the Council almost never gave any feedback that night as to what areas you might want to cut. Most of the Departments left thinking I guess I got my budget. If you give them an indication that night....

Mr. Benson: Yes, while they are there.

Councilor Connolly-King: When we get the budget, the Department Heads are going to specify the line item figures in the budget we receive?

Mr. Basque: What we are going to do is give you page 1 which is the Municipal Council and page 2 will be the back-up by line item.

Councilor Connolly-King: So instead of them sitting here and defending their budgets, when we get the budget the first defense is going to be in the budget because we are going to have the line items to look at it that way.

Mr. Basque: Yes.

Councilor Pinierio: What about the School Department?

Mr. Basque: Once again, the School isn't under my control. I think that is where the Councilors who are on that committee.....

Councilor McMilleon: The group that is on the School Committee really needs to let them know what we are going to be looking for, for information.

Mr. Basque: I think the Finance Committee for the School Committee gives that back up to the School Committee but they don't forward it to you.

Councilor McMilleon: In the Charter it talks about when the Mayor presents his budget to the Council that there is a whole list of information that he has to provide when he submits that, is that going to be done this year?

Mr. Basque: We will look at it; I am not sure what it is. Here is how I see even the revenue forecast I am kind of wrestling with it but we are putting in our projections and when the Mayor comes down and talks to you about total revenues, that might be a good time to have even the famous tax discussion. We will show you what the maximum levy is going to be allowed and that might be a good time for some input about what level you want to see the levy come in at when you present your budget. That is a legitimate discussion as opposed to if you vote this the levy is going to be this dollar amount.

Councilor Woodsom: From your seat what is your feeling on line item budgets or voting by line item?

Mr. Basque: I had that in Newburyport and it is a hassle to keep track of. You get yourself tied into a lot of nitpicking stuff. The reason it works there is 1.) The Council meets every two weeks and for transfers, we would file the Friday before. We would get them to the Clerk so they could go into the booklet and on that Monday night, the first item on the agenda is Mayor's transfers. Those transfers we submitted on Friday were voted on the next Monday because if you are going to hold those, that means we can't pay bills and we have to hold things up. We can't let any line item overspend which means we are going to be monitoring that a whole lot more than normal. That action has to take place instantly so that means we are going to need transfers voted every two weeks. We can't submit them and have them go to a committee and come back and vote them two months later. It won't work. We would have so many bills we wouldn't know what we are paying and what we are not paying. You would have to change your rules to allow something to be submitted and acted on. You don't have that right now.

Councilor Connolly-King: When I was at the MMA they were talking about having two line items that the Department Heads can do transfers within their salaries but they cannot do transfers with the budget part.

Mr. Basque: Every community does it differently. Every community it depends on what you vote. In most cases you are talking town meetings. They do vote things differently.

Councilor McMilleon: The section in the Charter is section 5.2. It is titled the submission of the operating budget, the budget message. I don't want to get into that tonight but if you would just take a look at it. We can talk about it but it is asking that when the Mayor comes in to present his budget that there is certain information that he needs to provide to the Council and to the public about the budget and it is detailed in that section.

Councilor Connolly-King: Could you explain layoffs, what happens, that you have to layoff two layoffs to make up for the one person.

Mr. Basque: Municipalities do not pay unemployment insurance. We don't pay a premium. So if you do not lay anyone off, you do not pay any unemployment claims. What happens is when you do lay someone off; the community gets billed dollar for dollar for that person. So, as a general rule of thumb, we say when you lay one person off, you need to layoff another person to make that up.

Councilor Connolly-King: That was a problem this year that some of the folks that got laid off still hadn't found employment.

Mr. Basque: It came out of the School Department. We moved the unemployment into our budget and it is over. Well, think about last year. We took unemployment, health insurance, workman's compensation, all of those that belonged to the school we moved to the school in their budget. When we shifted those numbers, we told them here is your

health insurance as best we know which was right on, we also said, here is what we paid in unemployment last year, \$50,000.00. So we are going to give you that \$50,000.00 and if you are going to do anything different you are going to have to allow for it. So when they say they are over budget that is because they didn't put enough money in that line item. It is no surprise to any of us that when you lay people off you have got to pay the salary so I am not sympathetic to that cause.

Councilor Connolly-King: So they should have anticipated the 17 or however many teachers ended up getting laid off and on the unemployment they should have put that into their budget.

Mr. Basque: Yes. Is it a problem for them? Yes it is, they don't have enough money there but it is not a problem that anyone created. Let me tell you why we did that. That is exactly what happens over the years. If we didn't move that money into the School budget, they would have laid these people off. They would have budgeted what we thought, \$50,000.00 and we would be \$100,000.00 over expended in the General government side because of school employees that were let go. The school department and it happens in every community, has the tendency to say that is in the General government budget that is not our problem.

Councilor Larnard: How typical is that in other communities where we were hearing on the general budget side all the school health insurance costs?

Mr. Basque: It is a battle. Some communities split it totally. Some of them have deals going. The school departments almost never want those costs because those are the ones that can get you in trouble. There is no dodging them. It really depends on the structure of the government and who has the most influence. If you listen to cities and towns you will hear that battle everywhere.

Councilor Larnard: So, now all our school stuff is in the School budget?

Mr. Basque: Yes. They readily accepted it.

Councilor Pinierio: They are not going to send that back to us are they?

Mr. Basque: They can't unless you vote to do that.

Councilor Connolly-King: I know the insurance is going up. What department does that get factored in?

Mr. Basque: All of our employee benefits are in one budget, general government. School Department their employee benefits are in their budget. The Water Department has their employee benefits and the Sewer Department has their employee benefits. We do the employee benefits budget by office. We calculate that. If you don't fund those things properly, you are really in a mess. Those are the big ticket items. They have to be paid.

Councilor Headley: When we read the salaries for these people, is what we paid for insurance separate?

Mr. Basque: It is in the employee benefit budget. So if somebody has the family health insurance you don't see that on their salary. We project out that the overhead for a salary is about 43% for benefits. It is up there. You figure health insurance, retirement, pension collections down the road, sick, vacation and all of that, which is an accepted number between 40% and 43%. When we do federal reimbursements, FEMA and MEMA they accept those percentages. So when you see someone's salary and you want to know really what that total package is, you could add almost another 40% in fringe benefits and you wouldn't be far off.

Councilor Chandler: I have two questions, I understand that we can deficit spend the Snow and Ice budget and we do that because it is such an unknown that we probably budget a small amount and then we deficit spend. As I understand it that number never shows up anywhere except just the next year it is right in the tax rate?

Mr. Basque: What we have done here is the Council decided the last couple of years; we talked about increasing the budget. Last year we talked about increasing it to about \$150,000.00 and the Council agreed to level fund it. What we have done here is that we haven't allowed that to just roll into the next year. Last year we had a deficit of \$120,000.00 and we stopped everybody from spending. We found that money and we transferred so we paid it off in that same year so that we didn't have to raise it the following year. You can let that sit and then the following year raise it legally, but we didn't do that. We paid that off within.

Councilor Chandler: The second question I had is, this early retirement, how many employees were there in town that got the early retirement?

Mr. Basque: I think we allowed 20 and I think we were at 18 or 19.

Councilor Chandler: I wasn't part of the Council at the time but my understanding was that this early retirement was going to save the town money because we were going to be hiring people with lesser salaries and maybe we wouldn't replace some. The feeling I am getting is that we probably are going to replace everybody.

Mr. Basque: I don't know, that hasn't been determined yet. We are getting closer now once we see what this new budget looks like. We have not replaced the Police Officer, the DPW workers have not been replaced. I can't say for the school how many Aides were or not. We are replacing the Fire. We obviously are replacing the Treasurer, the Assessor and the Council on Aging Department Heads. There are probably 7 or 8 that probably have not been replaced but I haven't seen the new budget so I don't know what those intentions are.

Councilor Chandler: What was the motivation? Why were those people retired early and given an extra five years service time?

Mr. Basque: It was the second year in a row that we did it. A part of it is financial. You are hoping to save there. You are hoping not to replace everyone. You are hoping that some of the folks you bring in are at lesser rates. In some cases it is good to have fresh ideas. Financially you hope that it is going to be beneficial.

Councilor Chandler: I would like to see those numbers.

Mr. Basque: That is hard to put together. It is hard to identify the exact dollars. We can come up with projections and estimates and we will base it on what we fill this year but it is hard to say.

Councilor Chandler: What comes right to my mind is Henry. He retired at 80% of his salary and so I assume that the town pays his retirement is that true?

Mr. Basque: Well, you pay a pension portion, there is an annuity, there is a pension and it is not dollar for dollar. There is a whole formula.

Councilor Pinierio: I think what he is asking is how much is the town going to pay towards Henry's retirement or anybody else?

Mr. Basque: There is a whole retirement formula. People are paying anywhere from 5%, 7%, 9%, 11% of their annual pay. It is based on the actuarial tables that project out that they are going to live to be so many years. So you get a certain amount of your money back and there is the pension portion that the town pays and in the budget you are going to see that the pension costs for the town, which is like \$1.2 million.

Councilor Connolly-King: As far as the early retirement is that an offering that is offered every year, or is it the town makes a choice to offer that?

Mr. Basque: The town has to make a choice. The Mayor recommends it. The Council votes it. I don't think you are going to see another early retirement for many, many years. Special legislation, it was done two years ago and it was done last year.

Councilor Connolly-King: Was it done in response to the cuts in local aide?

Mr. Basque: Right, trying to help as opposed to layoffs.

Councilor Connolly-King: Is it less expensive to let somebody early retire then to lay off somebody?

Mr. Basque: To do a true analysis, you have got to look at not only what they are getting but if they worked another 3 years, 4 years, 5 years and their salary went up a certain amount so their pension benefits are going to increase. There are a lot of things that go into it. The reason it was done by the state was to cut down on layoffs. It didn't always work out that way. You couldn't control who was taking the early retirement, it was

based on seniority. Some people did not benefit much anyway; some were very close to their maximum already.

Councilor Headley: Why is it that a lot of employees get a regular hike in pay right along and yet we have some employees in town that haven't had a raise, I think she told me, since 1996?

Mr. Basque: It depends obviously if they are unionized, they get what the contract says. If they are non-union, I don't know of anyone that went without a raise for a long period of time unless it was some part time recording clerk. In general I don't know of too many that haven't raises. The Mayor put out the directive already to the Department Heads that the non-union was not going to see an increase this year in their pay. He is working with the various unions. We have two contracts that are up right now that we are just starting, DPW and OPEIU. Those contracts expire June 30, so we will be negotiating.

Councilor Lawrence: You mentioned the pension, isn't that fully funded at some point?

Mr. Basque: We are on a funding schedule. The projection is that we will be fully funded in 2018 or 2020. We are ahead of the mandatory schedule. What happens is the real funding comes in with your investments and the last couple of years everyone was in the tank. This year we had a very good year so it is really starting to turn around. We were way ahead of schedule and we started to fall back but we are still ahead of that. That is a real important one for your credit ratings and all of that. Once that happens you will see the pension costs drop way down because you will be fully funded.

Councilor Pinierio: In the early retirement, when there is still money left in that budget for that salary, what happens to that money?

Mr. Basque: Hopefully we save it if there is money left. If somebody comes in at a smaller amount, you will see once all those costs are paid back and if they don't hire someone to replace them the money just stays there.

Councilor Pinierio: If that money is left over does that go to the general fund?

Mr. Basque: Yes, any money that doesn't get spent gets turned in at the end of the year. That goes into your bottom line that is how you start to generate free cash.

Councilor Pinierio: If it is a line item for salary, can that money be moved out of the salary of his budget into expense?

Mr. Basque: The only way he can do that is if you voted a bottom line.

Councilor Connolly-King: I am going to ask you to look into the future. Next year we will be seeing a large part of the hat factory, people moving in, and then some people start to move in the Fish building. How much of an effect will that have in generating some money for the town?

Mr. Basque: I am not the one to ask. Once you're Assessor gets in she would be the one to ask. When you meet with the Mayor, a good discussion here is where you want to see your tax levy. That is going to be the issue.

Councilor Pinierio: Are we going to have free cash?

Mr. Basque: That is hard to say until you get towards the end of the year. I don't see anything right now. We look in the year we are in right now, everything is moving along pretty smooth. Water and Sewer revenues are not where we want to see them right now. They are low. We went up big time on the rates but it is an amazing thing and I never believed this but it is true, when you don't have a hot dry summer, you don't sell as much. If you think about this year, this summer was not a good summer and it is amazing how much consumption you lose out of. The year before when the summer was hot and dry we went through a ton of water. We were selling water to Salisbury, everybody was out water and there is a difference when it is lousy weather. That affects their budget. We have them on watch. We hold back on any major capital items. We cannot go back to the days of running deficits in there because then we will be raising that like they used to and we can't do that. So, that is the only area right now that we are paying attention to really closely. Other than that the revenues look good, the budgets look good and we are chugging along.

Councilor Pinierio: That addition at the Treatment Plant, is it going to add employees?

Mr. Basque: I don't think they are budgeting additional employees this year. They are going to have a tough budget this year because they are in the middle of that \$10 million construction. The utilities are going to be a mess. We are not sure what the new utilities are going to be once the thing is fully operational. We are going to need a little leeway on how we put that budget together. Even though it is going to be bigger it is going to be much more efficient, the operation itself. If you look at their budget the electrical line item is one of the giant line items and for their chemicals and so forth. This is going to be more efficient so hopefully this is going to offset.

Councilor Connolly-King: What about a Capital Improvement Plan?

Mr. Basque: We are working on that right now. We want to try to get that out to you with the budget.

Councilor McMilleon: Thank you Mike, this has been helpful and we appreciate your time.

Meeting adjourned at approximately 8:40 p.m.

Respectfully submitted,
Sharon Dunning
Principle Clerk

